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May 12, 2020

The Honorable Philip G. Reinhard
 United States District Court Judge
 Northern District of Illinois, Western Division
 Stanley J. Roszkowski United States Courthouse
 327 South Church Street
 Rockford, Illinois 61101

RE: *U.S. vs. Rita A. Crundwell*, No. 12 CR 50027

Dear Judge Reinhard:

On behalf of the 1,298 cities, villages and towns throughout the state, all represented by the Illinois Municipal League (IML), please review and consider this letter in strong opposition to the request of Rita A. Crundwell (Crundwell) for early release or reduction of her sentence.

In November 2012, Crundwell pled guilty to wire fraud, in violation of Title 18, USC, Section 1343, and admitted to committing fraudulent transactions over the course of a decade. During that time, she illegally obtained more than \$53 million from the taxpayers and residents of the City of Dixon, Illinois.

Your comments at sentencing included that Crundwell was engaged in “massive stealing of public money” entrusted to her as a public guardian of Dixon. You also commented that Crundwell showed greater passion for the welfare of her horses than the people of Dixon, who she purportedly represented. Part of the 19-year and 7-month sentence was a result of your grant of the government’s request for an upward variance in the federal sentencing guidelines. In addition to the financial loss, you found that Crundwell caused a significant non-monetary loss, which involved a loss of public confidence in local government and a significant disruption of government function that struck “at the very heart of Dixon’s abilities to provide essentials for its citizenry.”¹

Despite monetary recovery from multiple sources, the residents of Dixon will never fully recover the financial losses from this unprecedented betrayal of trust. Neither will the elected and appointed officials from throughout Illinois and our nation who carry an undeserved burden with them from Crundwell’s criminal behavior under the guise of public service.

¹ Department of Justice, U.S. Attorney’s Office, Northern District of Illinois, February 14, 2013.



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Just last year, IML provided a screening of *All the Queen's Horses*, the documentary chronicling this theft, to attendees at our annual conference. More than 300 local officials attended the screening and hundreds more have viewed the documentary online in the meantime. Their comments continue to reflect the negative impact of these crimes on their municipalities' collective reputations. The silence in the room, while the film was being watched, spoke volumes about the utter astonishment of how someone could perpetrate such brazen fraud.

Crundwell, motivated by unbridled greed, took advantage of the trust of her colleagues, her friends and the entire community. The sentence you imposed was appropriate and she has presented no extraordinary or compelling reason to modify that sentence now.

The irony of Crundwell's request for early release due to the current public health crisis and global pandemic is unmatched. For decades, through her own hands, she caused financial hardship on her own hometown such that could never have been foretold. Now, through an economic collapse of possibly never-before-seen proportions impacting every level of society and government, she seeks compassion over worry for her "deteriorating health condition and danger of the COVID-19 pandemic." I am not the least apologetic to state, especially because of this second, current financial storm being weathered by the City of Dixon, that Crundwell fully deserves to complete every last day of her original sentence. Indeed, it may actually be the only thing she ever rightfully earned in her entire life.

Judge, this may be the first time, and hopefully is the last time, that our professional association has ever offered an opinion on a criminal sentencing request. Please weigh that in your deliberations and thoughtful consideration of this matter. Now, more than ever, the people of Illinois need to trust their government and elected officials, and they can do that best by knowing Rita Crundwell remains a "model minimum security prisoner," as she is reported to claim, where she can do no more harm.

On behalf of the honest, trustworthy and hardworking elected and appointed officials of every community in Illinois, we request that you deny Crundwell's attempt to diminish her sentence.

Please feel welcome to contact me if I may be of assistance with this or any other matter. I may be reached by email at bcole@iml.org or by cell phone at (618) 201-7320. Thanks.

Yours very truly,



BRAD COLE
Executive Director

Enclosure

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<https://www.justice.gov/usao-ndil/pr/former-dixon-comptroller-rita-crundwell-sentenced-nearly-20-years-federal-prison-537>

FOR IMMEDIATE RELEASE

Thursday, February 14, 2013

Former Dixon Comptroller Rita Crundwell Sentenced To Nearly 20 Years In Federal Prison For \$53.7 Million Theft From City

ROCKFORD — The former comptroller of the City of Dixon, Ill., RITA A. CRUNDWELL, was sentenced today to 19 years and 7 months, nearly the 20-year maximum, in federal prison for stealing \$53.7 million from the city over two decades. Crundwell was taken into custody to immediately begin her sentence, which was imposed by U.S. District Judge Philip G. Reinhard in Federal Court in Rockford.

Crundwell, 60, formerly of Dixon, pleaded guilty on Nov. 14, 2012, to wire fraud, and agreed she also engaged in money laundering, in connection with stealing more than \$53 million from the city since 1990 and using the proceeds to finance her quarter horse farming business and life of luxury. It is believed to be the largest theft of public funds in state history.

“This has been a massive stealing of public money – monies entrusted to you as a public guardian of Dixon, Ill.,” Judge Reinhard said in imposing sentence. Crundwell showed “greater passion for the welfare of her horses than the people of Dixon who she represented,” he added.

“While the city was suffering, the defendant was living her dreams,” Assistant U.S. Attorney Joseph Pedersen told the judge during a sentencing hearing that lasted more than two hours today. Crundwell’s “conduct in continuing to take millions of dollars from the City of Dixon to support her lavish lifestyle while she knew that Dixon was in dire financial straits was especially egregious,” the government argued.

Crundwell must serve at least 85 percent of her 235-month sentence and there is no parole in the federal prison system.

Judge Reinhard granted the government’s request for an upward variance in the federal sentencing guidelines. In addition to the financial loss, he found that Crundwell caused a

significant non-monetary loss, which involved a loss of public confidence in local government and a significant disruption of government function that struck “at the very heart of Dixon’s abilities to provide essentials for its citizenry.”

The judge ordered agreed restitution to the city of Dixon totaling \$53,740,394, and he imposed an agreed forfeiture judgment in the same amount. Following her arrest on April 17, 2012, Crundwell agreed to the liquidation of assets that she had acquired with proceeds from her decades-long fraud scheme. To date, the United States Marshals Service has recovered more than \$12.38 million from sales, including online and live auctions, of approximately 400 quarter horses, vehicles, trailers, tack, a luxury motor home, jewelry and personal belongings, while sales of real property in Illinois and Florida remain pending. The net proceeds from the forfeited property – nearly \$9.5 million so far – are being held in escrow pending further proceedings on restitution to the City of Dixon. Under federal law, the government may continue to seek additional assets of a defendant and obtain restitution for up to 20 years after a defendant is released from prison.

Gary S. Shapiro, United States Attorney for the Northern District of Illinois, praised the FBI agents who conducted the investigation and the U.S. Marshals Service for its efficient management of the seized assets. “We have used criminal and civil forfeiture proceedings to ensure the recovery of as much money as possible for the City of Dixon and its taxpayers,” he said. “Unfortunately, this case serves as a painful lesson that trust, without verification, can lead to betrayal.”

Cory B. Nelson, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, said: “The law is clear. Those who hold positions of trust must not abuse that trust. We remain committed to holding anyone using an official position for personal gain, as Rita Crundwell did for years, fully accountable for their corrupt actions.”

Dixon, with a population of approximately 15,733, is located about 100 miles southwest of Chicago.

According to her guilty plea and sentencing documents, Crundwell began working for Dixon’s finance department in 1970 while still in high school, and she was appointed comptroller/treasurer in 1983. She began the fraud scheme on Dec. 18, 1990, when she opened a secret bank account, which she alone controlled, in the name of the City of Dixon. The name of the account was “RSCDA – Reserve Fund,” known as the RSCDA account. The initials stood for “Reserve Sewer Capital Development Account,” although no such account actually existed for the city, and Crundwell did not disclose the existence of the secret account. At today’s hearing, the government also presented evidence that Crundwell stole at least \$25,000 from a separate Dixon bank account for its Sister City program between 1988 and 1990 before the charged fraud scheme began.

Crundwell began transferring money from city accounts to the RSCDA account in January 1991. Subsequently, she used her position as comptroller to transfer funds from Dixon’s Money Market account and various other city accounts to its Capital Development Fund account. She then repeatedly transferred city funds from the Capital Development Account into the RSCDA

account and used the money to pay for her personal and private business expenses, including horse farming operations, personal credit card payments, real estate and vehicles.

In 1991, Crundwell transferred more than \$181,000 to the RSCDA account. As the fraud scheme continued, the amounts she stole increased to a high of \$5.8 million in 2008, and she took an average of more than \$2.5 million a year over the 20-year course of the scheme.

While she was taking these large sums of money, Crundwell participated in budget meetings with city council members and various city department heads. She repeatedly stated that the city's lack of funds was due to a downturn in the economy and because the State of Illinois was behind in its payments. At the time she made those statements, Crundwell was stealing millions of dollars, causing Dixon to cut its budget, which had a significant impact on city operations.

As part of the fraud scheme, Crundwell created 159 fictitious invoices purported to be from the State of Illinois to show the city's auditors that the funds she was fraudulently depositing into the RSCDA account were being used for a legitimate purpose. In one instance, on Sept. 8, 2009, Crundwell wrote checks for \$150,000 and \$200,000 drawn on two of the city's multiple bank accounts. She deposited both checks into Dixon's Capital Development Fund account and, later the same day, wrote a check for \$350,000 payable to "Treasurer" and deposited that check into the secret RSCDA account. Crundwell created a fictitious invoice to support the payment of \$350,000 to the State of Illinois that falsely indicated the payment was for a sewer project in Dixon that the state completed. Later on Sept. 8, 2009, Crundwell wrote a check drawn on the RSCDA account for \$225,000, which she deposited into her personal RC Quarter Horses account. She used that money to cover a \$225,000 check, dated Sept. 1, 2009, drawn on the RC Quarter Horses account to purchase a quarter horse named Pizzazzy Lady. The purchase check would not have cleared if Crundwell had not deposited \$225,000, using city funds, into her horse account on Sept. 8.

To conceal the scheme, Crundwell picked up the city's mail, including bank statements for the RSCDA account, to prevent other employees from learning about the secret account. When she was away, she asked a relative or other city employees to pick up the mail and separate any of her mail, including the statements for the RSCDA account, from the rest of the city's mail.

Dixon's mayor reported Crundwell to law enforcement authorities in the fall of 2011 after another city employee assumed her duties during an extended unpaid vacation. Crundwell, whose annual salary was \$80,000 annually at the time, received four weeks of paid vacation and she took an additional 12 weeks of unpaid vacation in 2011. While Crundwell was absent, her replacement requested all of the city's bank statements. After reviewing them, the employee brought the records of the RSCDA account to the attention of the mayor, who was unaware of the account's existence.

While serving as Dixon's comptroller, Crundwell also owned RC Quarter Horses, LLC, and kept her horses at her ranch on Red Brick Road in Dixon and the Meri-J Ranch in Beloit, Wis., as well as with various trainers across the country. In addition to the horses and all of their equipment, among the assets seized or restrained were Crundwell's two residences and horse farm in Dixon, a home in Englewood, Fla., 80 acres of vacant land in Lee County, a 2009 luxury

motor home, more than four dozen trucks, trailers and other motorized farm vehicles, a 2005 Ford Thunderbird convertible, a 1967 Chevrolet Corvette roadster, a pontoon boat, jewelry, and approximately \$224,898 in cash from two bank accounts.

The government is represented by Assistant U.S. Attorneys Joseph C. Pedersen and Scott Paccagnini.

Component(s):

USAO - Illinois, Northern

Updated July 23, 2015